The Dilnot Commission's proposals will help prevent people with modest assets from losing most of their life's savings to pay for care

*Today sees the launch of the Dilnot Commission's report on how to reform the funding system for adult social care. **Emma Stone** looks at what the report proposes, and what that might mean.*

The key proposal: a social insurance model with an excess

The centrepiece of the reform package is a proposal to share the costs of care in later life between individuals and the state, with individuals paying for their own care until they reach a 'cap', after which the state pays for their care.

An individual's lifetime contributions towards their care costs are currently potentially unlimited. Dilnot proposes capping these somewhere between £25k and £50k (Dilnot suggests £35k), after which the individual is eligible for full state support.

This is a 'limited liability' model of social insurance – whereby those of us who can afford it and who have lived long enough to accumulate wealth, are expected to pay the 'excess'. On this basis, none of us will be expected to lose all our savings and assets in order to cover the 'catastrophic' costs of sustained high-level care and support (often in residential care).

'Those who can afford it'

The big surprise in today's report is the extended means test for residential (not home-based) care. In 2007, JRF called for the very low threshold of £23k (liquid assets including housing assets) to be doubled, in order to prevent people with modest assets having to lose the lion's share of their life's savings to pay for care. Today, Dilnot has called for the **means-test threshold for residential care to be quadrupled to £100k** – thereby immediately making the system feel much fairer for large swathes of home-owners in England. The combined effect of the 'cap' and the 'extended means-test' for residential care should also benefit people with lower or modest assets more, as under the current system they are liable to lose a larger *proportion* of their accumulated assets, should they need residential care, than most of their more affluent peers. The obvious anomaly here is that the extended means-test only applies to residential care. Nonetheless, this is a proposal that should achieve widespread popular and political support (even more so if the proposal to extend the deferred payment so it is available to everyone, wherever they live, is fully implemented).

'Those who have lived long enough to accumulate'

For Dilnot, there are some risks for which none of us can reasonably be expected to plan or prepare. Those are the risks we pool collectively, as a society. Hence the Dilnot report is clear that all those who enter adulthood with a care and support need should be eligible for free state support immediately, rather than being subjected to a means test. Where people develop or acquire impairment in their twenties or thirties, the proposal is that the state pays also, on the basis that few will have had the chance to accumulate sufficient assets in this time. So, from age 40 onwards, there could be a sliding scale of liability, with the 'cap' rising each decade. In addition, and to the relief of many, **universal disability benefits** should continue.

From principles to practicalities

The report sets out a wide range of recommendations about the practicalities of implementing the proposed funding system. Here are some of the key points.

1. This will be a **nationwide** system, with a **national framework for assessments and eligibility, and a degree of portability**. This is not only welcome – it is essential; there really is no other way to deliver sensible and sustainable funding reform on this scale.
2. This model has the potential to incentivise greater investment into low-level or preventative support and services…as long as the meter is set running at a low enough level to include the sort of care and support that older people have described as 'that bit of help' (e.g. help with getting out and about, with shopping or cleaning, basic telecare). A rebranded but otherwise intact **Attendance Allowance** will

obviously also play a key role in enabling people to access low-level support in later life. However, it is disappointing that the Dilnot Commission recommends that, until the current assessment system is replaced, the threshold should, at a minimum, be set at 'substantial'. I would have liked the threshold to have been low enough to cover 'low-level targeted support', as proposed by the Law Commission and our own evidence.

3. **How spending levels are set** (pre-cap by the individual and post-cap by the state) will be calculated based on how much the state would expect to pay to meet needs at the assessed level. Dilnot also proposes that people should contribute a standard amount to cover their general living costs in residential care (like food and accommodation, around £7–10k per year). People with the means can choose to pay more, but in the knowledge that any 'top-up' payments won't count towards the 'cap' and won't be funded by the state once they are eligible for full state support.
4. **How people meet the costs** of their contribution can and will vary within and across generations, and will change over time – including drawing down equity from one's housing assets, purchasing insurance, unlocking pension funds. There is real potential here for the financial services to work together with older people, disabled people and others to develop products that work well for people as well as being commercially viable.
5. **How people understand and navigate the system** will clearly be a 'make or break' for this (and any) system. The last few months and years have revealed how little we all know and understand about social care. That has to change, and Dilnot is clear on this: a) an awareness campaign, and b) an endorsement of the Law Commission's proposed duty on local authorities to provide a universal entitlement to access information, advice and assistance (JRF would call for the inclusion of advocacy too), irrespective of whether or how you pay for care.
6. The Dilnot Commission's report highlights the importance of **family and informal carers** – and recommends that carers should be supported by improved assessments to ensure the impact on the carer is manageable and sustainable, and by additional legal rights as proposed earlier this year by the Law Commission.

The next few weeks and months will see much more debate about both the principles and the practicalities of the Dilnot proposals – including where the 'cap' should be set (if set at £35k, Dilnot estimates that the proposed reforms would cost the state £1.7bn), and also when the 'meter' for costs should start running. The tenor in which this debate is conducted – in the media, in our communities, in Westminster and at the party conferences – has to be considered, careful and with a clear eye to both now and the future.

We know that Dilnot's reforms will not address the fundamental issues of social care quality, or outcomes, or safeguarding – as that will require far wider transformation and a shift in culture and values, as well as increased resources. Nonetheless, I am clear that the Dilnot proposals are the most competent and credible basis we have to reform a broken, unfair and overly complex system of funding care. The proposals are based on evidence and expertise from across the social care sector, and reflect our own understanding of the issues from research and practice.

They are the best chance we have of reform. Let's discuss, and let's decide.

This article first appeared on the Joseph Rowntree Foundation's blog on 4 July.